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REHEARING MAR 10 2005

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN

WILLIAM A. MUNDELL

MARC SPITZER

MIKE GLEASON

KRISTIN K. MAYES

2005 FEB 18 P 3:20

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

FEB 18 2005

DOCKETED BY

KAY

IN THE MATTER OF THE COMPLAINT OF
MOHAVE ELECTRIC COOPERATIVE, INC.
AGAINST UNISOURCE ENERGY
CORPORATION.

E-01750A-04-0798

E-04204A-04-0798

E-04230A-04-0798

8

E-04204A-04-0824

E-01750A-04-0824

IN THE MATTER OF THE APPLICATION OF
UNS ELECTRIC, INC. FOR AN ORDER
APPROVING A TRANSFER OF A PORTION OF
A CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. E-04204A-04-0824

DOCKET NO. E-01750A-04-0824

**APPLICATION FOR REHEARING
OF DECISION NO. 67535**

Mohave Electric Cooperative, Inc. ("MEC") pursuant to A.R.S. § 40-253 respectfully applies for rehearing of Decision No. 67535, dated January 31, 2005 on the grounds that the Commission exceeded its jurisdiction, violated MEC's procedural and substantive due process rights, and deprived MEC of its property without just compensation, all as more fully set forth in MEC's Exceptions filed January 21, 2005 and as reflected by the record in these dockets all of which are incorporated herein by this reference. A copy of the Exceptions is attached hereto as Exhibit A for the Commission's convenience.¹

¹ Neither MEC nor its legal counsel ever received CTI's undated letter to intervene docketed December 30, 2004 and CTI's letter dated January 19, 2005 and docketed January 21, 2005. MEC also supplements the dockets with a chronology of events dated September 17, 2004 provided to Janie Woller of the Commission's Consumer Services Division, as well as pictures of the facilities MEC had in place on the CTI property on or before January 24, 2005 through which MEC was ready, able and willing to provide service to CTI at its filed rates. A copy of the letter and pictures are attached as Exhibits B and C respectively and incorporated herein

1 MEC appreciates the Arizona Corporation Commission's (the "Commission")
2 desire to address Commercial Trucking Inc.'s ("CTI") request for electric service quickly and
3 at little cost to CTI. MEC had the same objective when it requested UNS Electric to provide
4 MEC power, or wheeling service or to negotiate a system-wide borderline agreement. MEC
5 had the same desire when it filed a formal Commission Complaint against its neighbor utility
6 (Docket No. E-04230-04-0798). In response to comments made at the "procedural"
7 conference held January 12, 2005, MEC even took the extraordinary step of installing an
8 onsite generator by which to provide electric service directly to CTI, pending the
9 Commission's action on MEC's complaint or until MEC was able to provide service from
10 another source. Importantly, at all times, CTI has always had the option to secure electric
11 service under MEC's standard terms and conditions (e.g., paying for an extension of MEC's
12 distribution line). Apparently due to the cost of such a line, CTI has never pursued this
13 option.
14
15

16 MEC also appreciates the statements contained in Decision No. 67535 to the
17 effect that the Emergency Order will not influence or otherwise adversely impact the
18 Commission's ultimate resolution of the issues in the above-captioned dockets.
19

20 However, these motivations and statements do not remedy the lack of notice,
21 the lack of a hearing, the lack of a right to produce witnesses and examine adverse witnesses
22 or the Commission's decision to act without a full consideration and determination according
23


24
25 by reference. MEC also supplements its case authority with: *Pacific Greyhound Lines v. Sun Valley Bus Lines*,
70 Ariz. 65, 71, 216 P.2d 404, 409 (discussing certification proceedings); *Southern Pac. Co. v. Arizona Corp.*
Commission, 98 Ariz. 339, 404 P. 2d 692 (1965) (invalidating a Commission order requiring the railroad to
continue service pending a hearing) and *State v. Shaw*, 106 Ariz. 103, 113, 471 P.2d 715, 725 (1970).

1 to evidence. Nor do they afford MEC the protection of its monopoly rights granted by its
2 certificate of convenience and necessity and recognized by law. Unfortunately, in attempting
3 to address CTI's concerns, the Commission has exceeded its jurisdiction.

4 WHEREFORE, it is respectfully requested that the Commission grant MEC's
5 Application for Rehearing and rescind Decision No. 67535.

6 DATED this 18th day of February, 2005.

8 CURTIS, GOODWIN, SULLIVAN,
9 UDALL & SCHWAB, P.L.C.

10 By: 
11 Michael A. Curtis
12 William P. Sullivan
13 2712 North 7th Street
14 Phoenix, Arizona 85006-1090
15 Attorneys for Mohave Electric
16 Cooperative, Inc.

17 PROOF OF AND CERTIFICATE OF MAILING

18 I hereby certify that on this 18th day of February, 2005, I caused the
19 foregoing document to be served on the Arizona Corporation Commission by delivering the
20 original and thirteen (13) copies of the above to:

21 Docket Control Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 With copies of the foregoing hand delivered/mailed
this 18th day of February, 2005 to:

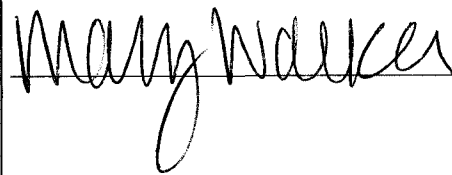
Dwight Nodes, Esq.
Administrative Law Judge, Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
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1 Jason Gellman, Esq.
2 Legal Division
3 ARIZONA CORPORATION COMMISSION
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6 Ernest Johnson
7 Director, Utilities Division
8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington Street
10 Phoenix, Arizona 85007

11 Thomas H. Campbell, Esq.
12 Lewis & Roca LLP
13 40 N. Central Ave.
14 Phoenix, AZ 85004-4429
15 Attorneys for UNS Electric, Inc.

16 Terrence G. O'Hara
17 Vice President Western Division
18 Central Trucking Inc.
19 P.O. Box 6355
20 Kingman, AZ. 86401

21 
22 _____

23 1234/-7-46/pleadings/MotionForRehearingv2
24
25

EXHIBIT A

BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN 2005 JAN 21 P 4:02

WILLIAM A. MUNDELL

MARC SPITZER

MIKE GLEASON

KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

E-04230A-04-0798

E-04204A-04-0824

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IN THE MATTER OF THE COMPLAINT OF
MOHAVE ELECTRIC COOPERATIVE, INC.
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APPROVING A TRANSFER OF A PORTION OF
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DOCKET NO. E-04204A-04-0824

DOCKET NO. E-04230A-04-0824

**EXCEPTIONS OF MOHAVE
ELECTRIC COOPERATIVE, INC.**

Mohave Electric Cooperative, Inc. ("Mohave"), by and through its attorneys
undersigned, respectfully files these exceptions, pursuant to A.C.C. R.14-310(B)¹ to the
recommended "Emergency" Order ("RO") filed in the above captioned matters.

I. There Is No "Emergency"

The entire RO is premised upon the existence of an emergency. The RO
describes the emergency in the following terms:

"[W]e believe that an emergency currently exists that requires
immediate action". . . . "It is simply unacceptable that any
customer should be required to wait this length of time to
receive electric service." [Finding of Fact 14] "Through the
letters filed in the dockets, and the statements made at the
procedural conferences, we recognize the frustration and

¹ Mohave notes that parties are to be allowed ten (10) days to file exceptions under the Rule. In this case, the parties have
been allowed only three (3) days.

1 desperation expressed by CTI's representative due the
2 company's inability to obtain electric service under the terms
3 that would enable it to proceed with construction of planned
4 facilities in Mohave County. . .". Finding of Fact 15.

5 A. Mohave Will Provide Services Immediately

6 By letter dated January 18, 2005 to the Commissioners (incorporated herein by
7 reference) and by letter dated January 19, 2005 to CTI (a copy of which is attached as Exhibit
8 A), Mohave has evidenced its offer to render electric service immediately to CTI initially
9 through use of portable generators. While Mohave disputes that an "emergency" exists,
10 Mohave's offer to provide electric service immediately, eliminated even the possibility of an
11 emergency. This offer was responsive to comments made at the Procedural Conference held
12 January 12, 2005, where Mohave was informed that the Commission believed the matter
13 needed to be resolved immediately. The offer was made after UNS Electric ("UNS")
14 declined to accept Mohave's Conditional Consent tendered on January 14, 2005.
15

16 B. No Emergency Ever Existed.

17 Mohave, for months, had offered electric service to CTI under Commission
18 approved service regulations (which require CTI to advance the funds necessary to extend
19 Mohave's facilities to the CTI site). CTI declined the offer, ostensibly due to the cost of the
20 extension. The refusal of CTI to accept Mohave's standard offer of service does not create an
21 "emergency". It reflects an economic decision by CTI.
22

23 In conclusion, the record does not support the RO's conclusion that an
24 "emergency" ever existed. However, even if an emergency had existed when the RO was
25

1 filed, it has now been eliminated through Mohave's offer to provide CTI service immediately
2 through portable generation. The RO is moot.

3 **II. The Commission Does Not have Authority to Take the Action**
4 **Proposed Under the RO Under the Circumstances of this Case.**

5
6 The RO proposes the Commission order UNS to provide service, on an interim
7 basis, to CTI. Such an action tramples Mohave's vested property rights, as well as its due
8 process rights.

9 **A. The Order Violates Mohave's Property Rights.**

10 There is no dispute that CTI is located within Mohave's existing certificate of
11 convenience and necessity. Arizona law is unambiguous. "Once granted, the certificate
12 confers upon its holder an *exclusive* right to provide the relevant service for as long as the
13 grantee can provide adequate service at a reasonable rate." (emphasis added) *James P. Paul*
14 *Water Co. v. Arizona Corporation Commission*, 137 Ariz. 426, 429, 671 P.2d 404, 407
15 (1983). "The original holders do have vested property rights under the certificate protected
16 by Article 2, Section 17 of the Arizona Constitution." *Tonto Creek Homeowners*
17 *Association v. Arizona Corporation Commission* 177 Ariz. 49, 59 864 P.2d 1081, 1091
18 (App. 1993) citing *Trico Elec. Coop. v. Senner*, 92 Ariz. 373, 381, 377 P.2d 309, 315
19 (1962). Mohave has always been willing to provide service under its Commission approved
20 rates and regulations. CTI has never provided Mohave the funding required to receive
21 service. Moreover, Mohave, promptly responded to the comments made at the January 12
22 procedural conference, first by providing its Conditional Consent, which was rejected by
23 UNS and then by offering service directly through portable generation. Under the
24
25

1 circumstances of this case, the proposed order authorizing UNS to provide electric service
2 within Mohave's certificated area would constitute a taking of Mohave's vested property
3 rights.

4
5 B. Mohave Has Not Received Due Process.

6 As noted, Mohave has a property interest in the certificate of convenience and
7 necessity issued by the Commission. That interest includes monopoly protection against
8 other public service corporations. As stated in Tonto Creek, "absent the most extenuating
9 circumstances, obtaining actual notice of charges while seated in the very hearing convened
10 to decide the issues would not afford the parties a meaningful opportunity to be heard." 177
11 Ariz. at 57, 864 P.2d at 1089. See also, A.R.S. § 40-246(c) (requesting at least ten (10) days
12 notice of a hearing, together with service of the complaint); § 40-247 (permitting parties to
13 offer evidence).

14
15 In the present case, the parties received a procedural order issued January 4,
16 2005 setting a Procedural Conference for January 12, 2005. Nothing in the procedural order
17 discusses an emergency situation or places Mohave on notice that an immediate resolution of
18 the situation was expected at the procedural conference.² There has been no evidentiary
19 proceeding or even a single sworn declaration filed in these dockets alleging "an emergency"
20 exists. Despite the lack of procedural due process, Mohave responded promptly. Mohave's
21 Conditional Consent has been rejected by UNS. Immediately thereafter, Mohave offered CTI
22
23
24
25

² The phrase "as well as whether settlement of the issues raised in the complaint may be able to be resolved through mediation with staffs assistance" falls far short of such notice.

1 electric service initially through portable generation and simultaneously withdrew its
2 Conditional Consent.

3 In short, there has been no evidentiary hearing of any kind in these matters. The
4 procedural order was inadequate to place Mohave on notice that an "emergency" was alleged
5 to exist. In fact, no evidence of an emergency exists. The procedure followed in these
6 matters fall well short of procedural due process.
7

8 **III. Ordering UNS Electric To Provide Service Rewards UNS For** 9 **Failing To Cooperate With Mohave.**

10 Neither Article 15, Section 3 of the Arizona Constitution or A.R.S. § 40-332(a)
11 (the only authority cited in the RO) permit the Commission to violate Mohave's certificate by
12 ordering UNS to enter its certificated area and provide service, even on an interim basis. If
13 an emergency did in fact exist, the remedy consistent with Arizona law is an order requiring
14 UNS to provide power to Mohave so that Mohave could serve its own customers. See e.g.
15 A.R.S. § 40-332 (authorizing the Commission to order the joint use of facilities where the
16 utilities fail to agree upon its use). The RO, however, ignores this remedy and, instead, seeks
17 to reward UNS for refusing to make any serious attempt to provide Mohave power. Such a
18 result is not only contrary to law for the reasons set forth above, it would be inequitable.
19

20 **IV. Conclusion**

21 At no time has Mohave refused to provide CTI electric service. CTI has been
22 unwilling to expend the funds necessary to receive service in the normal course of business.
23 Mohave recognizes that UNS has the capability of providing power at or near the CTI
24 property at distribution level voltage. Mohave requested UNS to provide Mohave that power,
25

1 which UNS has declined. To reward UNS by authorizing it to provide service to CTI not
2 only is inequitable, but violates Mohave's property rights vested through its certificate of
3 convenience and necessity. Moreover, the abbreviated procedure followed by the
4 Commission violates the Commission's own rules, as well as Mohave's right to procedural
5 due process.
6

7 Without waiving its legal rights, Mohave has responded to the Commission's
8 request by offering to make electric service available to CTI initially through portable
9 generation. Even without such an offer, the record does not support a finding of an
10 emergency. However, Mohave's offer to provide electric service initially through portable
11 generation renders moot the RO.
12

13 Wherefore, it is respectfully requested that the Commission reject the
14 recommendation filed on January 18, 2005 in the above captioned proceedings.

15 DATED this 21st day of January, 2005.

16 CURTIS, GOODWIN, SULLIVAN,
17 UDALL & SCHWAB, P.L.C.

18
19 By: 

20 Michael A. Curtis
21 William P. Sullivan
22 2712 North 7th Street
23 Phoenix, Arizona 85006-1090
24 Attorneys for Mohave Electric
25 Cooperative, Inc.

1 Original and thirteen (13) copies of
2 the foregoing filed this 21st day of January, 2005 with:

3 Docket Control Division
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand delivered/mailed
8 this 21st day of January, 2005 to:

9 JEFF HATCH-MILLER, CHAIRMAN
10 COMMISSIONER WILLIAM A. MUNDELL
11 COMMISSIONER MARC SPITZER
12 COMMISSIONER MIKE GLEASON
13 COMMISSIONER KRISTIN K. MAYES
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Dwight Nodes, Esq.
18 Administrative Law Judge, Hearing Division
19 ARIZONA CORPORATION COMMISSION
20 1200 West Washington Street
21 Phoenix, Arizona 85007

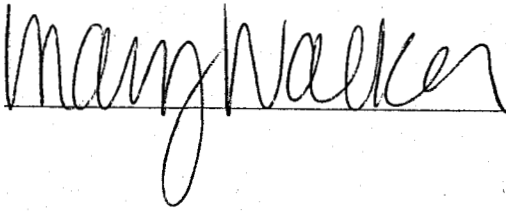
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25 1200 West Washington Street
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Ernest Johnson
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4 Kingman, AZ 86402

5 Thomas H. Campbell, Esq.
6 Lewis & Roca LLP
7 40 N. Central Ave.
8 Phoenix, AZ 85004-4429
9 Attorneys for UNS Electric, Inc.

10 
11 _____

12 1234-7-46(Unisource_CTI)/pleadings/exceptions
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EXHIBIT B



P.O. Box 1045, Bullhead City, AZ 86430

January 19, 2005

Central Trucking, Inc.
Mr. Terrence G. O'Hara
Vice President Western Division
P.O. Box 6355
Kingman, AZ 86401

Dear Mr. O'Hara:

This letter is to inform you that Mohave Electric Cooperative stands ready to provide power to Central Trucking Inc. at 2255 W. Oatman Road. Mohave Electric is ready and willing to serve C.T.I. at its standard commercial metered rates using on site generation until such time as Mohave Electric can build or arrange for standard distribution facilities to the site.

Mohave Electric is willing to negotiate a lease or purchase agreement on C.T.I.'s existing generator system and fuel tank or Mohave will provide its own facilities to serve C.T.I.

Mohave Electric will provide and install a 200 amp temporary service including metering facilities and a disconnect for C.T.I.

We look forward to serving you. Please contact us at 928.758.0579 on or before Friday, January 21, 2005.

Sincerely,

Aaron Stallings
Manager of External Affairs
Mohave Electric Cooperative

EXHIBIT A



P.O. Box 1045, Bullhead City, AZ 86430

September 17, 2004

FAX LETTER (original by mail)

Ms. Janie Woller
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Re: Central Trucking Request for Service

Dear Janie:

Enclosed is a copy of the letter sent to UniSource Energy requesting a wholesale rate for the purpose of providing electrical power to Central Trucking, Inc. As of today, we have had no response from Unisource on this matter.

The following is a partial log of the communications that have taking place between Mohave, Citizens Utilities, Unisource and Central Trucking:

- 2002 - Citizens Utilities Engineering Department informed Mohave that Citizens (now Unisource Energy) would no longer be able to provide energy as had been done in the past to Mohave for re-sale to some of Mohave's consumers in Mohave's service area located south of Kingman. Citizens advised that they would have no option but to apply for a wholesale rate through the Federal Energy Regulatory Commission, in order to be able to provide power to Mohave for re-sale. Mohave was very much in agreement with this requirement because Citizens had been supplying power to Mohave at a retail rate that was higher than Mohave's retail rate. Mohave's former consumers' facilities in the area affected by this notification included Roadrunner Trucking and Harris/Arizona Rebar, both of which had been long vacant.
- May 5 and 6, 2004 - Mohave's Engineering Department received calls from Roger McKinney of Central Trucking in which Central inquired about electric service to a location formerly occupied by Roadrunner Trucking and Harris Rebar, which are two inactive former commercial facilities which were served by Mohave.
- May 7, 2004 - Mohave's Engineering Department called Mr. McKinney. We described to Mr. McKinney that Mohave would be able to secure a wholesale rate from Unisource through the Federal Energy Regulatory Commission, then through the Arizona Corporation Commission to establish a rate tariff, and that this entire process could take up to six months, we had been advised (by Unisource), and Mohave would require an Engineering Services Agreement and a deposit of \$2,500.00 toward the administrative

LETTER – Woller (continued)

September 17, 2004

Page 2 of 4

- (continued) costs of establishing the FERC rate. Mr. McKinney indicated he would visit with his superiors and let us know, we noted that if they wanted to proceed, we would mail them the Agreement.
- May 27, 2004 – Mr. Keith Roberts, with Central Trucking, came to Mohave's Customer Service Office and made application for electric service at 2255 Oatman Road (the former location of Harris/Arizona Rebar) and paid a deposit of \$2,000.00 for that electric service.
- June 3, 2004 – After being notified by Customer Service that Central Trucking had applied for electric service, Mohave's Engineering employees developed and mailed to Central Trucking the Engineering Services Agreement, which had been previously discussed with Mr. McKinney.
- June 28, 2004 – Customer Service records indicate Mr. McKinney and Mr. Roberts separately called Mohave's Customer Service inquiring about the status of the job, and each was transferred to Engineering. Engineering has no record of having received a call from either Mr. McKinney or Mr. Roberts on this date. While Engineering Department employees often work away from the office, they all have voice mail – no messages were found from these individuals on this date.
- July 7, 2004 – Mohave's Engineering received a call from Geneva Davis, with Central Trucking, and Ms. Davis was advised that Mohave needed the signed Agreement and the deposit prior to beginning work on this project.
- July 13, 2004 – Mohave received the executed Engineering Services Agreement and deposit for services from Central Trucking.
- July 28, 2004 – Mohave's System Coordinator contacted Unisource to request a rate and the re-establishment of primary metering at the location where Citizens had previously provided power to Mohave.
- July 30, 2004 – Mohave's System Coordinator spoke with Bill DeJulio, with Unisource, who indicated there "might be some FERC issues", but he was not sure and would get back to us. Mr. DeJulio indicated their response might be a week or two, due to his bosses' vacation.
- August 18, 2004 – Mohave's System Coordinator called Bill DeJulio and was advised he was in a meeting and left a message to call back.
- August 23, 2003 – Bill DeJulio called Mohave's System Coordinator and advised that they had filed for a re-sale tariff prior to Citizens sale to Unisource and indicated they were trying to determine if that rate was still valid, and he requested that we fax him the specifics of what Mohave was requesting.
- August 23, 2003 – Mohave's System Coordinator spoke with Ms. Davis at Central Trucking, who indicated they were very anxious to get power and wanted to know what was happening. After being advised of a conversation earlier in the day with Bill DeJulio, Ms. Davis stated that she had been told by Mike G. (spelling of last name unknown), also with Unisource, that the rate had been reviewed by their attorney several

LETTER - Woller (continued)

September 17, 2004

Page 3 of 4

- (continued) weeks ago and it was valid. Ms. Davis suggested we contact Mike. G. at Unisource in this regard.
- August 24, 2004 - Mohave's System Coordinator sent fax describing what Mohave was requesting to Bill DeJulio of Unisource, as requested.
- August 27, 2004 - Mohave's Manager of Operations and Engineering spoke with Ms. Davis of Central Trucking and advised her that we were getting two different stories from Unisource and that we were in the process of contacting Mike. G. at Unisource as she had suggested.
- August 27, 2008 - Mohave's System Coordinator called and left a message requesting a call back regarding a rate tariff and service for Mike G. at Unisource at location in question.
- August 27, 2004 - Bill DeJulio called Mohave's System Coordinator to say he had been forwarded the message left for Mike G. Mr. DeJulio said he had visited with his boss Tom Ferry and they suggested that, in order to not delay getting power to consumer, is that we "do a borderline agreement" which would allow Unisource to serve the consumer until the existing rate is determined to be valid or until they get a wholesale rate, noting that when they get the wholesale rate, they would replace the primary meter and the consumer would go back to Mohave. Mr. DeJulio stated that they have nothing in writing showing the original rate is valid, noting that the information given by Mike G., of Unisource, to Ms. Davis, of Central Trucking, was not correct. Mr. DeJulio stated that the legal department in Tucson was researching this matter and suggested that the possibility of borderline agreement be discussed with Mohave's CEO.
- On or about August 30, 2004, Mohave's Manager Of Operations and Engineering contact Bill DeJulio to discuss the matter of the rate. Mr. DeJulio advised that Unisource was not interested in either a wholesale rate or the old retail rate, however they were interested in a borderline agreement, and suggesting that Mohave's CEO contact them to setup an appointment to discuss this possibility.
- On or about September 1, 2004, Mohave's CEO contacted Unisource in Tucson to discuss the possibility of an area wide general borderline agreement.
- On or about September 8, 2004, Dennis Nelson, with Unisource, contacted Mohave's CEO to advise that Unisource was not interested in a borderline agreement.
- On September 12, 2004, Mohave advised Unisource by certified mail that Mohave was requesting wholesale electric service (copy enclosed).
- September 14, 2004, Mohave received a copy of the complaint filed by Central Trucking against Unisource and Mohave Electric.

Let me close with a few general remarks in overview. The area in question is Mohave Electric's service area. Citizens advised Mohave that a FERC rate would be required, and now some of the same people, now with Unisource, say they do not know if the old rate is

LETTER - Woller (continued)

September 17, 2004

Page 4 of 4

available and some of them are still telling us that they are not interested in a wholesale rate. We are not sure what the consumer is being told however our discussions with the consumer have identified several situations where Unisource was giving Mohave and the consumer different answers to the same questions. Unisource executives have advised Mohave they have no interest in a general fringe area (borderline area) agreement, while the local representatives indicate they still want such an agreement. Mohave simply wants to be able to provide service to our consumer, and Mohave intends to provide service to our consumer regardless of Unisource.

An option not discussed to this point with Central Trucking is the fact that Mohave can build facilities to this location to provide service. During the course of discussions with Central Trucking, Mohave felt that this (building of the line) was not a reasonable approach because the consumer would be responsible for the costs of 10 to 15 miles of three-phase line - obviously Mohave's current ratepayers could not be expected to absorb this cost, so, in accordance with the line extension policy the cost would be the consumer's cost. The request for a wholesale rate, which according to Citizens was a requirement, not an option but a requirement, was determined to be the best option for the consumer at that time, and Mohave believes this option is still in the consumer's best interests. Under the current circumstances, where Unisource has refused a fringe area agreement and has stated that they are not interested in a wholesale rate or a retail rate, the option of Mohave building the line for the consumer may now be more viable, however it is still not desirable. Mohave respectfully requests that the Arizona Corporation Commission assist this situation by urging Unisource to proceed as soon as possible with Mohave's request for a wholesale rate.

Mohave continues to receive regular calls from Central Trucking. Like Mohave, they are very anxious to proceed with getting electric service to this location. We understand their frustration. We, too, are frustrated at this, what we perceive to be, totally unnecessary situation. If you have questions or require any further information, please feel free to contact me at your convenience.

Sincerely,

Stephen McArthur

Stephen McArthur
Comptroller

by Sharon Sutton

Attachment: (1)

cc: Files

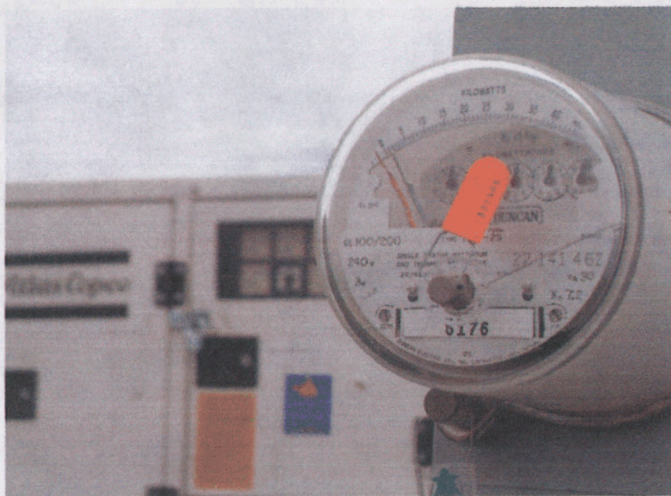
EXHIBIT C



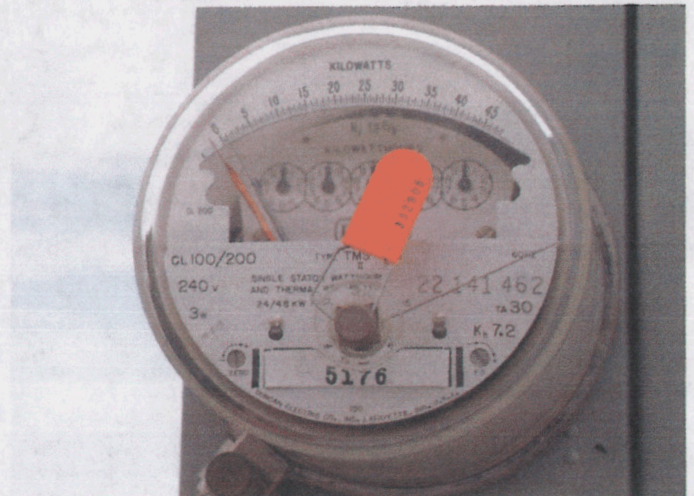
Generator Being Set in Place



Generator Being Set in Place



Meter and generator operational



Meter is operational



Completed temporary installation



Meter base and meter installed